

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 AGR-20 IO-12 AID-20 EB-11 NSC-10

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3623

INFO AMEMBASSY ISLAMABAD

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PASS AGRICULTURE

E. O. 11652: N/ A

TAGS: EAGR, IN

SUBJ: WEEKLY FOOD SITUATION

REF: NEW DELHI 3659

BEGIN SUMMARY: DURING PAST WEEK FOOD AND AGRICULTURAL NEWS
CONTINUED TO BE DOMINATED BY PROCEDURAL MATTERS CONCERNING
NATIONALIZATION OF WHOLESALE WHEAT TRADE. MAJOR ATTENTION GIVEN
TO ESTABLISHMENT OF WHEAT ZONES AND FINALIZING PROCEDURES FOR
PROCUREMENT AND DISTRIBUTION OF WHEAT CROP NOW BEING HARVESTED.
END SUMMARY.

1. DEBATES CONTINUE WITHIN AND WITHOUT GOVERNMENT OVER WISDON
OF DECISION TAKEN BY GOI TO NATIONALIZE WHOLESALE GRAIN TRADE.

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FEDERATION OF INDIAN CHAMBERS OF COMMERCE & INDUSTRY PASSED A RESOLUTION AT ITS ANNUAL MEETING ON APRIL 1 RECOMMENDING AGAINST SUCH GOVERNMENT TAKEOVER. GRAIN TRADERS THROUGHOUT THE COUNTRY CONTINUING THEIR PROTEST AGAINST GOI'S DECISION ON THIS MATTER. ALL INDIA FOODGRAIN DEALERS ASSOCIATION ANNOUNCED IT WILL START INDEFINITE STRIKE ON MAY 8 IF GOI DOES NOT REVERSE ITS DECISION ON GRAIN TRADE. SEVERAL INFLUENTIAL LEADERS AND LOCAL ORGANIZATIONS ALSO STRONGLY OPPOSING STATE TAKEOVER OF GRAIN TRADE.

2. IN SPITE OF STRONG OPPOSITION FROM SEVERAL SOURCES CENTRAL AND STATE GOVERNMENTS ARE FINALIZING PLANS TO IMPLEMENT TAKEOVER DECISION. ALL WHEAT GROWING STATES HAVE BANNED PRIVATE PURCHASES OF WHEAT BY WHOLESALERS EFFECTIVE APRIL 1. PRIVATE WHOLESALERS GIVEN UNTIL MID- APRIL TO DISPOSE OF PRESENT WHEAT STOCKS. IN MEANTIME GOVERNMENT PROCUREMENT AGENCIES STARTING PURCHASES OF WHEAT IN AREAS WHERE WHEAT HARVEST ALREADY UNDER WAY. THE OBJECTIVE IS TO PROCURE SEVEN - EIGHT MILLION TONS OF WHEAT FROM CURRENT WHEAT HARVEST WHICH GOI CURRENTLY ESTIMATING AT 30 - 31 MILLION METRIC TONS. NORMALLY ABOUT ONE- THIRD OF WHEAT HARVEST ENTERS COMMERCIAL TRADE CHANNELS. REMAINING TWO- THIRDS STAYS ON FARM. DIFFERENCE BETWEEN GOVERNMENT PURCHASES AND TOTAL QUANTITY ENTERING COMMERCIAL TRADE CHANNELS EXPECTED BY SOLD BY PRODUCERS TO RETAILERS AND DIRECTLY TO HOUSEHOLDS.

3. RELATIVELY LITTLE DISCUSSION PAST WEEK IN PARLIAMENT AND OTHER FORUMS CONCERNING FOOD SITUATION IN DROUGHT AREAS. IT APPEARS THAT MINIMUM FOODGRAIN NEEDS OF POPULATION BEING MET BY DISTRIBUTING FOODGRAINS FROM LIMITED GOVERNMENT STOCKS AND FROM CURRENT HARVEST WHICH IS UNDER WAY IN THE DROUGHT AREAS OF CENTRAL AND SOUTH INDIA. RATION ALLOWANCE IN DIFFERENT REGIONS OF INDIA CONTINUE TO VARY FROM WEEK TO WEEK DEPENDING UPON FOODGRAIN SUPPLIES AVAILABLE.

4. FOODGRAIN PRICES HIGHLY IRREGULAR IN DIFFERENT MARKETS THROUGHOUT INDIA DEPENDING UPON AVAILABILITY GRAIN SUPPLIES AND DUE TO UNCERTAINTIES CREATED BY GRAIN TRADE TAKEOVER DECISION.

5. DRINKING WATER AND FODDER SUPPLY FOR LIVERSTOCK BECOMING MORE LIMITED IN DROUGHT AREAS. IN VARIOUS AREAS, WATER NEEDS CONTINUE TO BE MET BY BRINGING IN WATER FROM OUTSIDE SOURCES. INCREASE IN CATTLE MORTALITY REPORTED GIR FOREST (FUJARAT STATE) BUT APPARENTLY MORTALITY AMONG SURPLUS CATTLE WITH NO SUBSTANTIAL LOSS OF BULLOCKS USED FOR FARM DRAFT POWER.

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6. PRESIDENT OF ALL INDIA PORT AND DOCK WORKERS FEDERATION, S. R. KULKARNI, ANNOUNCED APRIL 4 THAT PORT AND DOCK WORKERS AT EIGHT MAJOR PORTS WOULD GO ON STRIKE EFFECTIVE MIDNIGHT APRIL 10. STRIKE WILL CONTINUE UNTIL WORKERS " SECURE SATISFACTORY SETTLEMENT OF THE MAJOR DEMANDS". NO INDICATION THUS FAR WHETHER OR NOT DOCK WORKERS HANDLING IMPORTED FOODGRAINS WILL BE EXEMPT FROM STRIKE.

7. PROBLEM OF ERGOT CONTAMINATION IN IMPORTED WHEAT IS DELAYING DISTRIBUTION TO CONSUMERS AND RECEIVING PRIORITY ATTENTION AMONG GOI OFFICIALS. PROBLEM THUS FAR NOT MENTIONED IN PRESS.

8. COMMENTS: EFFECTIVENESS OF THE GOVERNMENT PROGRAM TO TAKE OVER WHOLESALE WHEAT TRADE CANNOT BE FULLY EVALUATED FOR SEVERAL WEEKS.

9. WHEAT HARVEST IN TWO MAJOR WHEAT SURPLUS STATES (PUNJAB AND HARYANA) WILL START MID- APRIL AND WILL BEGIN ENTERING CONSUMER DISTRIBUTION CHANNEL THREE- FOUR WEEKS LATER. UNTIL THEN PRESENT SQUEEZE ON FOODGRAIN SUPPLIES WILL CONTINUE AND MIGHT BECOME MORE DIFFICULT IN EARLY MAY.

10. EMBASSY BELIEVES GOI ESTIMATE OF 30 - 31 MILLION TON WHEAT HARVEST OPTIMISTIC AND THA
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